



WWW.TDHCA.STATE.TX.US

## MULTIFAMILY FINANCE PRODUCTION DIVISION

### 2004 Private Activity Multifamily Revenue Bonds

Homes of Pecan Grove

3111 Simpson Stuart

Dallas, Texas

Chicory Court Simpson Stuart, L.P.

250 Units

Priority 1A – 50% of units at 50% AMFI remaining 50% of units at 60% AMFI

\$14,030,000 Tax Exempt – Series 2005

### TABLE OF EXHIBITS

TAB 1	TDHCA Board Presentation
TAB 2	Bond Resolution
TAB 3	HTC Profile and Board Summary
TAB 4	Sources & Uses of Funds Estimated Cost of Issuance
TAB 5	Department's Real Estate Analysis
TAB 6	Rental Restrictions Explanation Results and Analysis
TAB 7	Development Location Maps
TAB 8	TDHCA Compliance Summary Report
TAB 9	Public Input and Hearing Transcript (November 17, 2004)

App Fee \$2.7 mil  
\$1.4 mil Deferral  
52%  
\$1.4 @ closing  
Def. \$1.2 45%  
Soft Cost Controll  
Approve  
RESERVES 1/2 of Saving  
@ 1. mil

GOVERNMENT  
EXHIBIT

150B

3:07-CR-0289-M

**MULTIFAMILY FINANCE PRODUCTION DIVISION**

**BOARD ACTION REQUEST**

**January 7, 2005**

**Action Item**

Presentation, Discussion and Possible Approval for the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Homes of Pecan Grove development.

**Summary of the Homes of Pecan Grove Transaction**

The pre-application was received on September 2, 2003. The application was scored and ranked by staff. The application ranked thirty-third out of a total of forty-four applications. The application was induced at the October 2003 Board meeting and submitted to the Texas Bond Review Board for inclusion to the lottery. The application received a Reservation of Allocation on August 30, 2004. This application was submitted under the Priority 1A category. 50% of the units will serve families at 50% of the AMFI and 50% of the units will serve families at 60% of the AMFI. A public hearing was held on November 17, 2004. There were eleven (11) people in attendance with five (5) people speaking for the record. A copy of the transcript is behind Tab 9 of this presentation. The proposed site is located at 3111 Simpson Stuart, Dallas, Dallas County, Texas.

**Summary of the Financial Structure**

The applicant is requesting the Department's approval and issuance of fixed rate tax exempt bonds in the amount of \$14,030,000. The bonds will be unrated and privately placed with Charter MAC Equity Issuer Trust. The term of the bonds will be for 40 years. The construction and lease up period will be for 18 months with payment terms of interest only, followed by a 40 year amortization with a maturity date of January 1, 2045. The interest rate on the bonds during the Construction Loan Period will be 5.00% per annum followed by a permanent interest rate of 6.50% per annum (See Bond Resolution 05-008 Section 1.2 (b) attached).

**Recommendation**

Staff recommends the Board approve the issuance of Multifamily Housing Mortgage Revenue Bonds, Series 2005 and Housing Tax Credits for the Homes of Pecan Grove development because of the demonstrated quality of construction of the proposed development, the feasibility of the development (as demonstrated by the commitments from Charter Mac and Related Capital, the underwriting report by the Departments Real Estate Analysis Division, the demand for additional affordable units as demonstrated by the occupancy rates of other affordable units in the market area, and the Resolution from the City of Dallas showing a need for the affordable units in the area.



**MULTIFAMILY FINANCE PRODUCTION DIVISION  
BOARD MEMORANDUM**

**January 7, 2005**

**DEVELOPMENT:** Homes of Pecan Grove (fka Rose Court at Simpson Stuart), Dallas, Dallas County, Texas

**PROGRAM:** Texas Department of Housing and Community Affairs  
2004 Multifamily Housing Mortgage Revenue Bond Program  
(Reservation received 08/30/2004)

**ACTION REQUESTED:** Approve the issuance of multifamily housing mortgage revenue bonds (the "Bonds") by the Texas Department of Housing and Community Affairs (the "Department"). The Bonds will be issued under Chapter 1371, Texas Government Code, as amended, and under Chapter 2306, Texas Government Code, the Department's Enabling Act (the "Act"), which authorizes the Department to issue its revenue bonds for its public purposes as defined therein.

**PURPOSE:** The proceeds of the Bonds will be used to fund a mortgage loan (the "Mortgage Loan") to Chicory Court - Simpson Stuart, L. P., a Texas limited partnership (the "Borrower"), to finance the acquisition, construction, equipping and long-term financing of a new, 250 unit multifamily residential rental Development to be located at approximately 3111 Simpson Stuart, Dallas, Dallas County, Texas (the "Development"). The Bonds will be tax-exempt by virtue of the Development's qualifying as a residential rental Development.

**BOND AMOUNT:** \$14,030,000 Series 2005 Tax Exempt bonds (\*)  
\$14,030,000 Total bonds

(\*) The aggregate principal amount of the Bonds will be determined by the Department based on its rules, underwriting, the cost of construction of the Development and the amount for which Bond Counsel can deliver its Bond Opinion.

**ANTICIPATED CLOSING DATE:** The Department received a volume cap allocation for the Bonds on August 30, 2004 pursuant to the Texas Bond Review Board's 2004 Private Activity Bond Allocation Program. The Department is required to deliver the Bonds on or before January 27, 2005, the anticipated closing date is January 25, 2005.

**BORROWER:** Chicory Court - Simpson Stuart, L.P., a Texas limited partnership, the general partner of which is Chicory GP - Simpson Stuart LLC, a Texas Limited Liability Company, with Saleem Jafar Majority Owner.

**COMPLIANCE HISTORY:** The Compliance Status Summary reveals that the principal of the general partner above has three properties however, none have been monitored by the Department at this time.

**ISSUANCE TEAM & ADVISORS:**

Charter MAC Equity Issuer Trust ("Bond Purchaser")  
Wells Fargo Bank, National Association ("Trustee")  
Vinson & Elkins L.L.P. ("Bond Counsel")  
RBC Dain Rauscher Inc. ("Financial Advisor")  
McCall, Parkhurst & Horton, L.L.P. (Disclosure Counsel)

**BOND PURCHASER:**

The Bonds will be purchased by Charter MAC Equity Issuer Trust. The purchaser and any subsequent purchaser will be required to sign the Department's standard traveling investor letter.

**DEVELOPMENT DESCRIPTION:**

**Site:** The proposed affordable housing community is a 250-unit multifamily residential rental development to be constructed on approximately 28.0 acres of land located at approximately 3111 Simpson Stuart, Dallas, Dallas County, Texas 75241 (the "Development"). The proposed density is 9.75 dwelling units per acre. The proposed location is an older established area of Dallas. Other new development in the last few years is helping to revitalize the area. The location allows access to major transportation linkages, area employers, employment centers, schools, and supporting development. The site is located outside the 100-year floodplain and is ready for development. The proximity to transportation linkages and employment centers makes the site well suited for multifamily development.

**Buildings:** The development consist of 250 units and will include a total of eighteen (18) two-story, wood-framed apartment buildings containing approximately 275,128 net rentable square feet and having an average unit size of 1,101 square feet. The subject development will consist of five (5) basic floor plans, a mix of flat and two-story, townhome style units. The subject units have a competitive amenity package including the following: cable/internet ready; ceiling fans; full-size washer/dryer connections; the energy star rated kitchen appliances, frost free refrigerator with ice-maker, pantry, dishwasher, microwave, self-cleaning ovens; garbage disposal patios/balcony; vinyl tile flooring in entry, kitchen and bath; mini blinds; attached and detached garages. Development amenities include: on-site leasing/management office, gated access/perimeter fencing, pool, laundry facilities, clubhouse with business center, furnished and staffed children's activity center, fitness center and room for educational programs, playground, and sport court.

Units	Unit Type	Square Feet	Proposed Net Rent	
25	1-Bed/1-Bath	780 s.f.	\$571.00	50%
25	1-Bed/1-Bath	780 s.f.	\$696.00	60%
56	2-Bed/2-Bath	1112 s.f.	\$673.00	50%
56	2-Bed/2-Bath	1112 s.f.	\$789.00	60%
44	3-Bed/2-Bath	1268 s.f.	\$771.00	50%
44	3-Bed/2-Bath	1268 s.f.	\$944.00	60%
250	Total Units			



**SET-ASIDE UNITS:**

For Bond covenant purposes, at least twenty (20%) of the residential units in the development are set aside for persons or families earning not more than sixty percent (50%) of the area median income. Five percent (5%) of the units in each Development will be set aside on a priority basis for persons with special needs.

*(The Borrower has elected to set aside 100% of the units for tax credit purposes.)*

**RENT CAPS:**

For Bond covenant purposes, the rental rates on 50% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for fifty percent (50%) of the area median income and the remaining 50% of the units will be restricted to a maximum rent that will not exceed thirty percent (30%) of the income, adjusted for family size, for sixty (60%) of the area median income which is Priority 1A of the Bond Review Board's Priority System.

**TENANT SERVICES:**

Tenant Services will be performed by ALT Affordable Housing Services – Arbor Place 501(c)(3), a Texas non-profit corporation .

**DEPARTMENT  
ORIGINATION  
FEES:**

\$1,000 Pre-Application Fee (Paid).  
\$10,000 Application Fee (Paid).  
\$70,150 Issuance Fee (.50% of the bond amount paid at closing).

**DEPARTMENT  
ANNUAL FEES:**

\$14,030 Bond Administration (0.10% of first year bond amount)  
\$6,250 Compliance (\$25/unit/year adjusted annually for CPI)

*(Department's annual fees may be adjusted, including deferral, to accommodate underwriting criteria and Development cash flow. These fees will be subordinated to the Mortgage Loan and paid outside of the cash flows contemplated by the Indenture)*

**ASSET OVERSIGHT  
FEE:**

\$6,250 to TDHCA or assigns (\$25/unit/year adjusted annually for CPI)

**TAX CREDITS:**

The Borrower has applied to the Department to receive a Determination Notice for the 4% tax credit that accompanies the private-activity bond allocation. The tax credit equates to approximately \$967,004 per annum and represents equity for the transaction. To capitalize on the tax credit, the Borrower will sell a substantial portion of its limited partnership interests, typically 99%, to raise equity funds for the Development. Although a tax credit sale has not been finalized, the Borrower anticipates raising approximately \$8,218,714 of equity for the transaction.

**BOND STRUCTURE:**

The Bonds are proposed to be issued under a Trust Indenture (the "Trust Indenture") that will describe the fundamental structure of the Bonds, permitted uses of Bond proceeds and procedures for the administration, investment and disbursement of Bond proceeds and program revenues.

The Bonds will be privately placed with the Bond Purchaser, and will mature over a term of 40 years. During the construction and lease-up

period, the Bonds will pay as to interest only. The loan will be secured by a first lien on the Development.

The Bonds are mortgage revenue bonds and, as such, create no potential liability for the general revenue fund or any other state fund. The Act provides that the Department's revenue bonds are solely obligations of the Department, and do not create an obligation, debt, or liability of the State of Texas or a pledge or loan of the faith, credit or taxing power of the State of Texas. The only funds pledged by the Department to the payment of the Bonds are the revenues from the Development financed through the issuance of the Bonds.

**BOND INTEREST RATES:** The interest rate on the Bonds will be 5.0% from the date of issuance until the June 30, 2006. On and after the June 30, 2006, the interest rate on the Bonds will be 6.5%.

**CREDIT  
ENHANCEMENT:** The bonds will be unrated with no credit enhancement.

**FORM OF BONDS:** The Bonds will be issued in book entry (typewritten or lithographical) form and in denominations of \$100,000 and any amount in excess of \$100,000.

**MATURITY/SOURCES  
& METHODS OF  
REPAYMENT:** The Bonds will bear interest at a fixed rate until maturity and will be payable monthly. During the construction phase, the Bonds will be payable as to interest only, from an initial deposit at closing to the Capitalized Interest Account of the Construction Fund, earnings derived from amounts held on deposit in an investment agreement, if any, and other funds deposited to the Revenue Fund specifically for capitalized interest during a portion of the construction phase. After conversion to the permanent phase, the Bonds will be paid from revenues earned from the Mortgage Loan.

**TERMS OF THE  
MORTGAGE LOAN:** The Mortgage Loan is a non-recourse obligation of the Borrower (which means, subject to certain exceptions, the Borrower is not liable for the payment thereof beyond the amount realized from the pledged security) providing for monthly payments of interest during the construction phase and level monthly payments of principal and interest upon conversion to the permanent phase. A Deed of Trust and related documents convey the Borrower's interest in the Development to secure the payment of the Mortgage Loan.

**REDEMPTION OF  
BONDS PRIOR TO  
MATURITY:** The Bonds may be subject to redemption under any of the following circumstances:

**Mandatory Redemption:**

- (a) (i) In whole or in part, to the extent excess funds remain on deposit in the Loan Account of the Construction Fund after the Development's Completion Date; and (ii) under certain circumstances, upon request by the Majority Owner to redeem



Bonds from amounts on deposit in the Earnout Account of the Construction Fund; or

- (b) in part, if (i) the development has not achieved Stabilization within twenty-four (24) months after the earlier of (A) the date the Development achieves Completion or (B) the Completion Date or (ii) upon request by the Majority Owner to redeem Bonds from amount on deposit in the Earnout Account of the Construction Fund; or
- (c) in whole or in part, if there is damage to or destruction or condemnation of the Development, to the extent that Insurance Proceeds or a Condemnation Award in connection with the Development are deposited in the Revenue Fund and are not to be used to repair or restore the Development; or
- (d) upon the determination of Taxability if the owner of a Bond presents his Bond or Bonds for redemption on any date selected by such owner specified in a written notice delivered to the Borrower and the Issuer at least thirty (30) days' prior to such date; or
- (e) in whole on any interest payment date on or after January 1, 2022, if the Owners of all of the Bonds elect redemption and provide not less than 180 days' written notice to the Issuer, Trustee and Borrower; or
- (f) In part, according to the dates and amounts indicated on the Mandatory Sinking Fund Schedule of Redemptions.

**Optional Redemption:**

The Bonds are subject to redemption, in whole, any time on or after January 1, 2022, from the proceeds of an optional prepayment of the Loan by the Borrower.

**FUNDS AND  
ACCOUNTS/FUNDS  
ADMINISTRATION:**

Under the Trust Indenture, the Trustee will serve as registrar and authenticating agent for the Bonds and as trustee of certain of the accounts created under the Trust Indenture (described below). The Trustee will also have responsibility for a number of loan administration and monitoring functions.

Moneys on deposit in Trust Indenture accounts are required to be invested in eligible investments prescribed in the Trust Indenture until needed for the purposes for which they are held.

The Trust Indenture will create the following Funds and Accounts:

1. Construction Fund – On the closing date, the proceeds of the Bonds shall be deposited in the Construction Fund which may consist of six (6) accounts as follows:

- (a) Loan Account – represents a portion of the proceeds of the sale of the Bonds that will be used to pay for Development Costs;
  - (b) Insurance and Condemnation Proceeds Account - represents Condemnation Award and Insurance Proceeds allocated to restore the Development pursuant to the Loan Documents;
  - (c) Capitalized Interest Account – represents a portion of the proceeds of the Bonds and/or a portion of the initial equity contribution of the Borrower which may be transferred to the Revenue Fund from this account in order to pay interest on the Bonds until the Completion Date of the Development;
  - (d) Costs of Issuance Account – represents a portion of the proceeds of the Bonds and/or a portion of the initial equity contribution of the Borrower from which the costs of issuance are disbursed;
  - (e) Earnout Account – represents a portion of the initial equity contribution of the Borrower, the disbursements from which are to be requested in writing by the Developer and approved by the Majority Owner of the Outstanding Bonds; and
  - (f) Equity Account – represents the balance of the initial equity contribution of the Borrower.
2. Replacement Reserve Fund – Amounts which are held in reserve to cover replacement costs and ongoing maintenance to the Development.
  3. Tax and Insurance Fund – The Borrower must deposit certain moneys in the Tax and Insurance Fund to be applied to the payment of real estate taxes and insurance premiums.
  4. Revenue Fund – Revenues from the Development are deposited to the Revenue Fund and disbursed to sub-accounts for payment to the various funds according to the order designated under the Trust Indenture: (1) to the payment of interest on the Bonds; (2) to the payment of the principal or redemption price, including premium, if any, on the Bonds; (3) to the payment of any required deposit in the Tax and Insurance Fund; (4) to the payment of any required deposit in the Replacement Reserve Fund; (5) to the payment of the fees of the Trustee, the Servicer, the Issuer and the Asset Oversight Agent, if any, due and owing under the Loan Documents and the Indenture; (6) to the payment of any other amounts then due and owing under the Loan Documents; and (7) the remaining balance to the Borrower.



5. **Rebate Fund** – Fund into which certain investment earnings are transferred that are required to be rebated periodically to the federal government to preserve the tax-exempt status of the Bonds. Amounts in this fund are held apart from the trust estate and are not available to pay debt service on the Bonds.

The majority of the bond proceeds will be deposited into the Construction Fund and disbursed therefrom during the Construction Phase to finance the construction of the Development. Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Tax-Exempt Bond proceeds. It is currently anticipated that costs of issuance will be paid by Taxable Bond proceeds.

**DEPARTMENT  
ADVISORS:**

The following advisors have been selected by the Department to perform the indicated tasks in connection with the issuance of the Bonds.

1. **Bond Counsel** - Vinson & Elkins L.L.P. ("V&E") was most recently selected to serve as the Department's bond counsel through a request for proposals ("RFP") issued by the Department in August 2003. V&E has served in such capacity for all Department or Agency bond financings since 1980, when the firm was selected initially (also through an RFP process) to act as Agency bond counsel.
2. **Bond Trustee** - Wells Fargo Bank, National Association (formerly Norwest Bank, N.A.) was selected as bond trustee by the Department pursuant to a request for proposals process in June 1996.
3. **Financial Advisor** – RBC Dain Rauscher Inc., formerly Rauscher Pierce Refsnes, was selected by the Department as the Department's financial advisor through a request for proposals process in September 1991.
4. **Disclosure Counsel** – McCall, Parkhurst & Horton, L.L.P. was selected by the Department as Disclosure Counsel through a request for proposals process in 2003.

**ATTORNEY GENERAL  
REVIEW OF BONDS:**

No preliminary written review of the Bonds by the Attorney General of Texas has yet been made. Department bonds, however, are subject to the approval of the Attorney General, and transcripts of proceedings with respect to the Bonds will be submitted for review and approval prior to the issuance of the Bonds.

RESOLUTION NO. 05-008

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING MORTGAGE REVENUE BONDS (HOMES AT PECAN GROVE\*) SERIES 2005; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low and very low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multi-family residential rental project loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of the Texas Department of Housing and Community Affairs Multifamily Housing Mortgage Revenue Bonds (Homes at Pecan Grove\*) Series 2005 (the "Bonds"), pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") by and between the Department and Wells Fargo Bank, National Association (the "Trustee"), for the purpose of obtaining funds to finance the Project (defined below), all under and in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Chicory Court – Simpson Stuart, L.P., a Texas limited partnership (the "Borrower"), in order to finance the cost of acquisition, construction and equipping of a qualified residential rental project described on Exhibit A attached hereto (the "Project") located within the State of

---

\* Formerly known as Rose Court at Simpson Stuart



Texas required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on October 9, 2003, declared its intent to issue its revenue bonds to provide financing for the Project; and

WHEREAS, it is anticipated that the Department, the Borrower and the Trustee will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the cost of acquisition and construction of the Project and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Agreement; and

WHEREAS, it is anticipated that the Note will be secured by a Deed of Trust and Security Agreement (with Power of Sale) (the "Deed of Trust") from the Borrower for the benefit of the Department and the Trustee; and

WHEREAS, the Department's interest in the Loan, including the Note and the Deed of Trust, will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents and an Assignment of Note (collectively, the "Assignments") from the Department to the Trustee; and

WHEREAS, the Board has determined that the Department, the Borrower and CharterMac, a Delaware statutory trust (the "Purchaser"), will execute a Bond Purchase Agreement (the "Purchase Agreement"), with respect to the sale of the Bonds; and

WHEREAS, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement"), with respect to the Project which will be filed of record in the real property records of Dallas County, Texas; and

WHEREAS, the Board has determined that the Department and the Borrower will execute an Asset Oversight Agreement (the "Asset Oversight Agreement"), with respect to the Project for the purpose of monitoring the operation and maintenance of the Project; and

WHEREAS, the Board has examined proposed forms of the Indenture, the Loan Agreement, the Assignments, the Regulatory Agreement, the Purchase Agreement and the Asset Oversight Agreement, all of which are attached to and comprise a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Section 1.13, to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient in connection therewith; NOW, THEREFORE,

BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

## ARTICLE I

### ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1--Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized, under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State of Texas for approval, the Comptroller of Public Accounts of the State of Texas for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to the order of the initial purchaser thereof.

Section 1.2--Interest Rate, Principal Amount, Maturity and Price. That: (i) the interest rate on the Bonds shall be 5.00% per annum from the date of issuance thereof to and including June 30, 2006 or earlier redemption or acceleration thereof (subject to adjustment as provided in the Indenture; provided, however, that the default interest rate on the Bonds shall not exceed the maximum rate permitted by applicable law) and, after June 30, 2006, the interest rate on the Bonds shall be 6.50% per annum until the maturity date or earlier redemption or acceleration thereof (subject to adjustment as provided in the Indenture; provided, however, that the default interest rate on the Bonds shall not exceed the maximum rate permitted by applicable law); (ii) the aggregate principal amount of the Bonds shall be \$14,030,000; and (iii) the final maturity of the Bonds shall occur on January 1, 2045.

Section 1.3--Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Indenture and to deliver the Indenture to the Trustee.

Section 1.4--Approval, Execution and Delivery of the Loan Agreement and Regulatory Agreement. That the form and substance of the Loan Agreement and the Regulatory Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute, attest and affix the Department's seal to the Loan Agreement and the Regulatory Agreement and deliver the Loan Agreement and the Regulatory Agreement to the Borrower and the Trustee.

Section 1.5--Acceptance of the Deed of Trust and Note. That the Deed of Trust and the Note are hereby accepted by the Department.

Section 1.6--Approval, Execution and Delivery of the Assignments. That the form and substance of the Assignments are hereby approved and that the authorized representatives of the Department named in this Resolution each are hereby authorized to execute, attest and affix the Department's seal to the Assignments and to deliver the Assignments to the Trustee.

Section 1.7--Approval, Execution and Delivery of the Purchase Agreement. That the form and substance of the Purchase Agreement are hereby approved, and that the authorized

representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Purchase Agreement to the Borrower and the Purchaser.

Section 1.8--Approval, Execution and Delivery of the Asset Oversight Agreement. That the form and substance of the Asset Oversight Agreement are hereby approved, and that the authorized representatives of the Department named in this Resolution each are authorized hereby to execute and deliver the Asset Oversight Agreement to the Borrower.

Section 1.9--Taking of Any Action; Execution and Delivery of Other Documents. That the authorized representatives of the Department named in this Resolution each are authorized hereby to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.10--Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Assignments
- Exhibit F - Purchase Agreement
- Exhibit G - Asset Oversight Agreement

Section 1.11--Power to Revise Form of Documents. That notwithstanding any other provision of this Resolution, the authorized representatives of the Department named in this Resolution each are authorized hereby to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such authorized representative or authorized representatives, and in the opinion of Vinson & Elkins L.L.P., Bond Counsel to the Department, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the authorized representatives of the Department named in this Resolution.

Section 1.12--Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article I: Chair and Vice Chairman of the Board, Executive Director of the Department, Deputy Executive Director of Housing Operations of the Department, Deputy Executive Director of Programs of the Department, Chief of Agency Administration of the Department, Director of Financial Administration of the Department, Director of Bond Finance of the Department, Director of Multifamily Finance Production of the Department and the Secretary of the Board.



Section 1.13--Conditions Precedent. That the issuance of the Bonds shall be further subject to, among other things: (a) the Project's meeting all underwriting criteria of the Department, to the satisfaction of the Executive Director or the Acting Executive Director; and (b) the execution by the Borrower and the Department of contractual arrangements satisfactory to the Department staff requiring that community service programs will be provided at the Project.

## ARTICLE II

### APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1--Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2--Approval of Submission to the Attorney General of Texas. That the Board hereby authorizes, and approves the submission by the Department's Bond Counsel to the Attorney General of the State of Texas, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3--Certification of the Minutes and Records. That the Secretary and the Assistant Secretary of the Board hereby are severally authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4--Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Project in accordance with the Indenture and to enter into or direct the Trustee to enter into any agreements relating thereto only to the extent permitted by the Indenture.

Section 2.5--Approving Initial Rents. That the initial maximum rent charged by the Borrower for 100% of the units of the Project shall not exceed the amounts attached as Exhibit O to the Loan Agreement and shall be annually redetermined by the Issuer as stated in the Loan Agreement.

Section 2.6--Ratifying Other Actions. That all other actions taken by the Executive Director or Acting Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Project are hereby ratified and confirmed.

## ARTICLE III

### CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1--Findings of the Board. That in accordance with Section 2306.223 of the Act, and after the Department's consideration of the information with respect to the Project and the information with respect to the proposed financing of the Project by the Department,

including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Project is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the Borrower will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(iii) that the Borrower is financially responsible,

(iv) that the financing of the Project is a public purpose and will provide a public benefit, and

(v) that the Project will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Project in accordance with the requirements of the Regulatory Agreement, will comply with applicable local building requirements and will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible and has entered into a binding commitment to repay the loan made with the proceeds of the Bonds in accordance with its terms, and

(iii) that the Borrower is not, or will not enter into a contract for the Project with, a housing developer that: (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Project in accordance with the Loan Agreement and the Regulatory Agreement, which require, among other things, that the Project be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds to finance the Project is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State of Texas to obtain decent, safe, and sanitary housing by financing the costs of the Project, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2--Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Project shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Loan Agreement and the Regulatory Agreement.

Section 3.3--Sufficiency of Mortgage Loan Interest Rate. That the Board hereby finds and determines that the interest rate on the loan established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Project and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4--No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase any Bond in the secondary open market for municipal securities.

Section 3.5--Waiver of Rules. That the Board hereby waives the rules contained in Sections 33 and 39, Title 10 of the Texas Administrative Code to the extent such rules are inconsistent with the terms of this Resolution and the bond documents authorized hereunder.

## ARTICLE IV

### GENERAL PROVISIONS

Section 4.1--Limited Obligations. That the Bonds and the interest thereon shall be limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Department.

Section 4.2--Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State of Texas or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State of Texas. Each Bond shall contain on its face a statement to the effect that the State of Texas is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State of Texas is pledged, given or loaned to such payment.

Section 4.3--Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4--Notice of Meeting. Written notice of the date, hour and place of the meeting of the Board at which this Resolution was considered and of the subject of this Resolution was furnished to the Secretary of State and posted on the Internet for at least seven (7) days preceding the convening of such meeting; that during regular office hours a computer terminal located in a place convenient to the public in the office of the Secretary of State was provided such that the general public could view such posting; that such meeting was open to the public as required by law at all times during which this Resolution and the subject matter hereof was discussed, considered and formally acted upon, all as required by the Open Meetings Act, Chapter 551, Texas Government Code, as amended; and that written notice of the date, hour and place of the meeting of the Board and of the subject of this Resolution was published in the Texas Register at least seven (7) days preceding the convening of such meeting, as required by the Administrative Procedure and Texas Register Act, Chapters 2001 and 2002, Texas Government Code, as amended. Additionally, all of the materials in the possession of the Department relevant to the subject of this Resolution were sent to interested persons and organizations, posted on the Department's website, made available in hard-copy at the Department, and filed with the Secretary of State for publication by reference in the Texas Register not later than seven (7) days before the meeting of the Board as required by Section 2306.032, Texas Government Code, as amended.

*[Remainder of page intentionally left blank.]*



PASSED AND APPROVED this 7th day of January, 2005.

By: \_\_\_\_\_  
Elizabeth Anderson, Chair

Attest: \_\_\_\_\_  
Delores Groneck, Secretary

[SEAL]

## EXHIBIT A

### DESCRIPTION OF PROJECT

Owner: Chicory Court – Simpson Stuart, L.P., a Texas limited partnership

Project: The Project is a 250-unit multifamily facility to be known as Homes at Pecan Grove\* and to be located at approximately 3111 Simpson Stuart Road, Dallas, Dallas County, Texas 75241. The Project will include a total of eighteen (18) residential apartment buildings with a total of approximately 275,128 net rentable square feet and an average unit size of approximately 1,100 square feet. The unit mix will consist of:

50_	one-bedroom/one-bath units
112	two-bedroom/two-bath units
88	three-bedroom/two-bath units
250	Total Units

Unit sizes will range from approximately 780 square feet to approximately 1,268 square feet.

Common areas will include a pool, clubhouse with business center, computer lab laundry facilities, playground, sports court, barbeque and picnic area and children's activity area.

---

\* Formerly known as Rose Court at Simpson Stuart

**HOUSING TAX CREDIT PROGRAM****2004 HTC/TAX EXEMPT BOND DEVELOPMENT PROFILE AND BOARD SUMMARY**

Texas Department of Housing and Community Affairs

Development Name: **Homes of Pecan Grove**

TDHCA#: 04480

**DEVELOPMENT AND OWNER INFORMATION**

Development Location: Dallas QCT: Y DDA: N TTC: N  
 Development Owner: Chicory Court Simpson Stuart, LP  
 General Partner(s): Chicory GP Simpson Stuart, LLC, 100%, Contact: Saleem Jafar  
 Construction Category: New  
 Set-Aside Category: Tax Exempt Bond Bond Issuer: TDHCA  
 Development Type: General  
 Population

**Annual Tax Credit Allocation Calculation**

Applicant Request: \$967,005 Eligible Basis Amt: \$967,004 Equity/Gap Amt.: \$1,133,777

**Annual Tax Credit Allocation Recommendation: \$967,004**

Total Tax Credit Allocation Over Ten Years: \$9,670,040

**PROPERTY INFORMATION****Unit and Building Information**

Total Units: 250 HTC Units: 250 % of HTC Units: 100  
 Gross Square Footage: 278,469 Net Rentable Square Footage: 275,128  
 Average Square Footage/Unit: 1101  
 Number of Buildings: 18  
 Currently Occupied: N

**Development Cost**

Total Cost: \$23,366,138 Total Cost/Net Rentable Sq. Ft.: \$84.93

**Income and Expenses**

Effective Gross Income:<sup>1</sup> \$2,160,737 Ttl. Expenses: \$1,080,141 Net Operating Inc.: \$1,080,596  
 Estimated 1st Year DCR: 1.10

**DEVELOPMENT TEAM**

Consultant: Not Utilized Manager: To Be Determined  
 Attorney: Shackelford, Melton & McKinley Architect: To Be Determined  
 Accountant: Novogradac & Co. Engineer: Carter Burgess  
 Market Analyst: Butler Burgher Lender: Charter Mac Capital Solutions  
 Contractor: To Be Determined Syndicator: Related Capital

**PUBLIC COMMENT<sup>2</sup>**

<b>From Citizens:</b>	<b>From Legislators or Local Officials:</b>
<b>Letters:</b>	Sen. Royce West, District 23 - NC
# in Support: 1	Rep. Helen Giddings, District 109 - NC
# in Opposition: 0	Mayor Laura Miller - NC
<b>Public Hearing:</b>	Vicki Reed, Assistant Director, City of Dallas; The proposed development is
# in Support: 11	consistent with the City of Dallas Consolidated Plan.
# in Opposition: 0	
# Neutral: 0	

1. Gross Income less Vacancy

2. NC - No comment received, O - Opposition, S - Support

**CONDITION(S) TO COMMITMENT**

1. Per §50.12(c) of the Qualified Allocation Plan and Rules, all Tax Exempt Bond Development Applications "must provide an executed agreement with a qualified service provider for the provision of special supportive services that would otherwise not be available for the tenants. The provision of such services will be included in the Declaration of Land Use Restrictive Covenants ("LURA").
2. Board waiver of its QAP rule under Section 50.12(a)(2) regarding the submission of all documentation (including the market study) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.
3. Receipt, review, and acceptance of a report from Texas Parks & Wildlife giving clearance of the site concerning the bird rookeries determined to be on the subject site prior to the initial closing on the property.
4. Receipt, review, and acceptance that the (AST) above-ground storage tank and debris be properly removed from the site and re-inspected for potential recognized environmental conditions after the subject property is cleared and more visible to the inspector prior to cost certification.
5. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit amount may be warranted.
- 6.
- 7.
- 8.
- 9.
- 10.
- 11.
- 12.
- 13.

**DEVELOPMENT'S SELECTION BY PROGRAM MANAGER & DIVISION DIRECTOR IS BASED ON:**

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond. ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Robert Onion, Multifamily Finance Manager

Date

Brooke Boston, Director of Multifamily Finance Production Date

**DEVELOPMENT'S SELECTION BY EXECUTIVE AWARD AND REVIEW ADVISORY COMMITTEE IS BASED ON:**

☐ Score ☐ Utilization of Set-Aside ☐ Geographic Distrib. ☒ Tax Exempt Bond ☐ Housing Type

Other Comments including discretionary factors (if applicable).

Edwina P. Carrington, Executive Director  
Chairman of Executive Award and Review Advisory Committee

Date

☐ TDHCA Board of Director's Approval and description of discretionary factors (if applicable).

Chairperson Signature:  
Chairman of the Board

Date

Elizabeth Anderson,



# Pecan Grove Townhomes

## Estimated Sources & Uses of Funds

### Sources of Funds

Series 2004 Tax-Exempt Bond Proceeds	\$ 14,030,000
Tax Credit Proceeds	7,301,000
Deferred Developer's Fee	2,287,001
Estimated Interest Earning	93,904
<b>Total Sources</b>	<b>\$ 23,711,905</b>

### Uses of Funds

Deposit to Mortgage Loan Fund (Construction funds)	\$ 19,054,156
Construction Period Interest	993,792
Developer's Overhead & Fee	2,725,389
Costs of Issuance	
Direct Bond Related	340,468
Bond Purchaser Costs	348,100
Other Transaction Costs	85,000
Real Estate Closing Costs	165,000
<b>Total Uses</b>	<b>\$ 23,711,905</b>

## Estimated Costs of Issuance of the Bonds

### Direct Bond Related

TDHCA Issuance Fee (.50% of Issuance)	\$ 70,150
TDHCA Application Fee	11,000
TDHCA Bond Compliance Fee (\$25 per unit)	6,250
TDHCA Bond Counsel and Direct Expenses (Note 1)	70,000
TDHCA Financial Advisor and Direct Expenses	35,000
Disclosure Counsel (\$5k Pub. Offered, \$2.5k Priv. Placed. See Note 1)	2,500
Borrower's Bond Counsel	90,000
Bond Administration Fee (2 years)	28,060
Trustee Fee	7,500
Trustee's Counsel (Note 1)	6,500
Attorney General Transcript Fee (\$1,250 per series, max. of 2 series)	1,250
Texas Bond Review Board Application Fee	5,000
Texas Bond Review Board Issuance Fee (.025% of Reservation)	3,508
TEFRA Hearing Publication Expenses	3,750
<b>Total Direct Bond Related</b>	<b>\$ 340,468</b>

## Pecan Grove Townhomes

<b>Bond Purchase Costs</b>	
CharterMac Origination Fee	140,300
CharterMac Servicing and Guarantee Fee	140,300
CharterMac Due Diligence Fee	12,500
Lender's Attorney	35,000
CharterMac Inspection Fee	20,000
<b>Total</b>	<b>\$ 348,100</b>

<b>Other Transaction Costs</b>	
Tax Credit Determination Fee (4% annual tax cr.)	35,000
Tax Credit Application Fee (\$20/u)	50,000
<b>Total</b>	<b>\$ 85,000</b>

<b>Real Estate Closing Costs</b>	
Title & Recording (Const. & Perm.)	115,000
Property Taxes	50,000
<b>Total Real Estate Costs</b>	<b>\$ 165,000</b>

<b>Estimated Total Costs of Issuance</b>	<b>\$ 938,568</b>
--	-------------------

Costs of issuance of up to two percent (2%) of the principal amount of the Bonds may be paid from Bond proceeds. Costs of issuance in excess of such two percent must be paid by an equity contribution of the Borrower.

Note 1: These estimates do not include direct, out-of-pocket expenses (i.e. travel). Actual Bond Counsel and Disclosure Counsel are based on an hourly rate and the above estimate does not include on-going administrative fees.

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**DATE:** December 29, 2004      **PROGRAM:** MFB      **FILE NUMBER:** 2004-043  
4% HTC      04480

**DEVELOPMENT NAME**

Homes of Pecan Grove Apartments

**APPLICANT**

<b>Name:</b>	Chicory Court Simpson Stuart, LP	<b>Type:</b>	For-profit
<b>Address:</b>	1200 Three Lincoln Center, 5430 LBJ Freeway	<b>City:</b>	Dallas <b>State:</b> TX
<b>Zip:</b>	75240	<b>Contact:</b>	Saleem Jafar
		<b>Phone:</b>	(972) 455-9299
		<b>Fax:</b>	(972) 455-9297

**PRINCIPALS of the APPLICANT/ KEY PARTICIPANTS**

<b>Name:</b>	Chicory GP Simpson Stuart, LLC	<b>(%):</b>	0.01	<b>Title:</b>	Managing General Partner
<b>Name:</b>	Saleem Jafar	<b>(%):</b>	N/A	<b>Title:</b>	Co-General Partner
<b>Name:</b>	Odyssey Residential Holdings, Inc.	<b>(%):</b>	N/A	<b>Title:</b>	Developer

**PROPERTY LOCATION**

**Location:** 3111 Simpson Stuart Road      ☒ **QCT**      ☐ **DDA**  
**City:** Dallas      **County:** Dallas      **Zip:** 75241

**REQUEST**

<u>Amount</u>	<u>Interest Rate</u>	<u>Amortization</u>	<u>Term</u>
1) \$967,005	N/A	N/A	N/A
2) \$14,030,000	6.5%	40 yrs	18 yrs

**Other Requested Terms:** 1) Annual ten-year allocation of housing tax credits  
2) Tax-exempt private activity mortgage revenue bonds

**Proposed Use of Funds:** New construction      **Property Type:** Multifamily

**Special Purpose (s):** General population

**RECOMMENDATION**

- ☒ RECOMMEND APPROVAL OF ISSUANCE OF \$14,030,000 IN TAX-EXEMPT MORTGAGE REVENUE BONDS WITH A FIXED INTEREST RATE OF 6.5% AND REPAYMENT TERM OF 40 YEARS WITH A 40-YEAR AMORTIZATION PERIOD, SUBJECT TO CONDITIONS.
- ☒ RECOMMEND APPROVAL OF A HOUSING TAX CREDIT ALLOCATION NOT TO EXCEED \$967,004 ANNUALLY FOR TEN YEARS, SUBJECT TO CONDITIONS.

**CONDITIONS**

1. Board waiver of its QAP rule under 50.12(a)(2) regarding the submission of all documentation (including the market study) at least 60 days prior to the scheduled Board meeting at which the decision to issue a determination notice would be made.
2. Receipt, review, and acceptance of a report from the Texas Parks & Wildlife giving clearance of the site concerning the bird rookeries determined to be on the subject site prior to the initial closing on the property;

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

3. Receipt, review, and acceptance that the (AST) above-ground storage tank and debris be properly removed from the site and re-inspected for potential recognized environmental conditions after the subject property is cleared and more visible to the inspector prior to the cost certification;
4. Should the terms and rates of the proposed debt or syndication change, the transaction should be re-evaluated and an adjustment to the credit/allocation amount may be warranted.

**REVIEW of PREVIOUS UNDERWRITING REPORTS OR ADDENDUM**

No previous reports.

**DEVELOPMENT SPECIFICATIONS**

**IMPROVEMENTS**

<b>Total Units:</b>	<u>250</u>	<b># Rental Buildings</b>	<u>18</u>	<b># Non-Res. Buildings</b>	<u>1</u>	<b># of Floors</b>	<u>2</u>	<b>Age:</b>	<u>N/A</u> yrs
<b>Net Rentable SF:</b>	<u>275,128</u>	<b>Av Un SF:</b>	<u>1,101</u>	<b>Common Area SF:</b>	<u>3,341</u>	<b>Gross Bldg SF:</b>	<u>278,469</u>		

**STRUCTURAL MATERIALS**

The structure will be wood frame on a post-tensioned concrete slab on grade. According to the plans provided in the application the exterior will be comprised as follows: 25% stone veneer/25% cement fiber siding, and 50% stucco. The interior wall surfaces will be drywall and the pitched roof will be finished with asphalt composite shingles.

**APPLIANCES AND INTERIOR FEATURES**

The interior flooring will be a combination of carpeting & vinyl. Each unit will include: range & oven, hood & fan, garbage disposal, dishwasher, refrigerator, fiberglass tub/shower, washer & dryer connections, ceiling fans, laminated counter tops, a central boiler water heating system, individual air conditioning, & 9-foot ceilings.

**ONSITE AMENITIES**

A 3,341-square foot community building will include a grand salon, management offices, fitness, maintenance, & laundry facilities, a kitchen, restrooms, a multipurpose room, a daycare facility, & a central mailroom. The community building, swimming pool, and equipped children's play area are located at the entrance of the property. In addition, sports courts & perimeter fencing are planned for the site.

<b>Uncovered Parking:</b>	<u>464</u>	spaces	<b>Carports:</b>	<u>0</u>	spaces	<b>Garages:</b>	<u>188</u>	spaces
---------------------------	------------	--------	------------------	----------	--------	-----------------	------------	--------

**PROPOSAL and DEVELOPMENT PLAN DESCRIPTION**

**Description:** Homes of Pecan Grove is a relatively dense (8.86 units per acre) new construction development of 250 units of affordable income housing located in southwest Dallas. The development is comprised of eighteen sporadically distributed medium garden style walk-up low-rise residential buildings and townhomes as follows:

- 12 Building Type A with 4 one-bedroom/one-bath units, 4 two-bedroom/two-bath units, and 6 three-bedroom/two-bath units;
- 4 Building Type B with 12 two-bedroom/two-bath units, and 2 three-bedroom/two-bath units;
- 1 Building Type C with 8 two-bedroom/two-bath units, and 6 three-bedroom/two-bath units;
- 1 Building Type D with 2 one-bedroom/one-bath units, 8 two-bedroom/two-bath units, and 2 three-bedroom/two-bath units;

**Architectural Review:** The building and unit plans are of good design, sufficient size, and are comparable to other modern apartment developments. They appear to provide acceptable access and storage. The elevations reflect attractive buildings with simple fenestration.



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

SITE ISSUES			
SITE DESCRIPTION			
Size:	28.21 acres	1,228,827	square feet    Zoning/ Permitted Uses: MU-1(A)
Flood Zone Designation:	Zone X	Status of Off-Sites:	Partially improved
SITE and NEIGHBORHOOD CHARACTERISTICS			
<p><b>Location:</b> The site is an irregularly-shaped parcel located in southern Dallas know as Oak Cliff, approximately nine miles from the central business district. The site is situated on the north side of Simpson Stuart Road.</p> <p><b>Adjacent Land Uses:</b></p> <ul style="list-style-type: none"> <li>• <b>North:</b> vacant land immediately adjacent;</li> <li>• <b>South:</b> Simpson Stuart Road immediately adjacent and single family residences beyond;</li> <li>• <b>East:</b> Homes of Persimmons Townhomes immediately adjacent; and</li> <li>• <b>West:</b> vacant land immediately adjacent;</li> </ul> <p><b>Site Access:</b> Access to the property is from the east or west along Simpson Stuart Road. The development is to have one main entry off of Simpson Stuart Road. Access to Interstate Highway 45 is several miles northeast and Loop 12 to the north, both provides connections to all other major roads serving the Dallas area.</p> <p><b>Public Transportation:</b> Public transportation to the area is provided by the city bus system, with stops on Lancaster Road.</p> <p><b>Shopping &amp; Services:</b> The site is within three miles of major grocery/pharmacies and a variety of other retail establishments and restaurants. Schools, churches, and hospitals and health care facilities are located within a short driving distance from the site.</p> <p><b>Site Inspection Findings:</b> TDHCA staff performed a site inspection on November 17, 2004 and found the location to be acceptable for the proposed development.</p>			
HIGHLIGHTS of SOILS & HAZARDOUS MATERIALS REPORT(S)			
<p>A Phase I Environmental Site Assessment report dated April 7, 2004 was prepared by Butler Burgher Environmental LLC and contained the following findings and recommendations:</p> <p><b>Findings:</b></p> <ul style="list-style-type: none"> <li>• One AST (above-ground storage tank) was observed at the subject property. Additionally, the property was scattered with various debris such as roofing shingles, sheetrock, empty 55-gallon drums, household appliances, household trash, automobile parts, and other assorted items. (p. 15)</li> <li>• Review of a limited National Environmental Protection Act (NEPA) Report for the Subject Property reveals the following: According to Texas Parks &amp; Wildlife (TPW), there are bird rookeries both on the Subject property and adjacent properties. (p. 15)</li> </ul> <p><b>Recommendations:</b> BBE (Butler Burgher Environmental, LLC) recommends the AST and debris be properly removed from the Subject property. The subject property should be re-inspected for potential RECs after the Subject property is cleared and more visible to the inspector; and consult with TPW (Texas Parks &amp; Wildlife) regarding the rookeries located on the Subject property. Both items are being made a condition of this report.</p>			

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**POPULATIONS TARGETED**

**Income Set-Aside:** The Applicant has elected the 40% at 60% or less of area median gross income (AMGI) set-aside, although as a Priority 1 private activity bond lottery development the Applicant has elected the 50% at 50% / 50% at 60% option.

**MAXIMUM ELIGIBLE INCOMES**

	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
<b>60% of AMI</b>	\$27,960	\$31,920	\$35,940	\$39,900	\$43,080	\$46,260

**MARKET HIGHLIGHTS**

The original market feasibility study was dated November 15, 2004 and was prepared by Butler Burgher, Inc. ("Market Analyst"). A second amended study was submitted December 22, 2004. The revised study was submitted in order to address concerns with the unstabilized developments and capture rate identified in the original report. The revised report significantly altered the primary market area such that it is considered a new report. Since the subsequent report is being relied upon and it was not provided 60 days prior to the originally scheduled TDHCA Board Meeting, a Board waiver of its QAP rule under 50.12(a)(2) is required. Highlights of both studies are as follows:

**Definition of Primary Market Area (PMA):** The original Primary Market Area (PMA) was an area bounded by Hampton Road to the west, IH-45 to the east, IH-30 and Trinity River to the north, and Belt Line Road to the south. (p. 57). This area encompasses approximately 87.16 square miles and is equivalent to a circle with a radius of 5.25 miles. The amended market study described the Primary Market Area (PMA) to be bounded by Hampton Road and IH-35 to the west, US 175 and Prairie Oaks Road to the east, US 175 and IH-30 to the north, and IH-20 to the south. This amended area encompasses approximately 82.16 square miles and is equivalent to a circle with a radius of 5.1 miles.

**Population:** The original estimated 2004 population of the PMA was 226,846 and is expected to basically increase very little to approximately 226,884 by 2009. Within the original primary market area there were estimated to be 73,990 households in 2004. The amended market study estimated the 2004 population of the amended PMA to be 240,048 and is expected to basically decrease to approximately 236,620 by 2009. Within the amended primary market area there were estimated to be 75,667 households in 2004.

**Total Primary Market Demand for Rental Units:** In the original market study the Market Analyst calculated a total demand of 5,361 qualified households in the PMA, based on the current estimate of 73,990 households, with a projected annual growth rate of a negative 1%, renter households estimated at 41% of the population, income-qualified households estimated at 27%, and an annual renter turnover rate of 66 %. (p. 79).

In the amended market study the Market Analyst calculated a total demand of 6,361 qualified households in the amended PMA, based on the current estimate of 75,667 households, with a projected annual growth rate of a negative 1%, renter households estimated at 43% of the population, income-qualified households estimated at 28%, and an annual renter turnover rate of 70%. The Market Analyst used an income band of \$21,360 to \$41,490 in both studies

**AMENDED ANNUAL INCOME-ELIGIBLE DEMAND SUMMARY**

Type of Demand	Market Analyst		Underwriter	
	Units of Demand	% of Total Demand	Units of Demand	% of Total Demand
Household Growth	-32	-0.5%	-18	-0.3%
Resident Turnover	6,393	100.5%	6,335	100.3%
<b>TOTAL ANNUAL DEMAND</b>	<b>6,361</b>	<b>100%</b>	<b>6,317</b>	<b>100%</b>

Ref: p. 79

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

**Inclusive Capture Rate:** In the original market study the Market Analyst calculated an inclusive capture rate of 22.01% based upon 5,362 units of demand and 1,180 unstabilized affordable housing in the PMA (including the subject). (p. 7) The Underwriter calculated an inclusive capture rate of 29.2% based upon a revised supply of unstabilized comparable affordable units of 1,569 divided by a revised demand of 5,366. This revised supply of unstabilized units was due to adding 389 additional units to the unstabilized unit count. This included Providence at Village Fair with 236 units which were just approved by the Board this December 2004. It also includes Rosemont of Oak Hollow with 153 units even though the Market Study indicates a 92% occupancy rate because the Market Study provided with Rosemont at Laureland which is in the subject's Market Area that the Oak Hollow development had reached 90% but quickly fell below that level as a result of a competing development opening nearby. The Underwriter subsequently called the property manager who confirmed that occupancy is only 67% currently and has been in the 60% range for the better part of the year.

In the amended market study the Market Analyst calculated an inclusive capture rate of 23.57% based upon 6,361 units of demand and 1,499 unstabilized affordable housing in the amended PMA (including the subject). The Underwriter calculated an inclusive capture rate of 24.8% based upon a revised supply of unstabilized comparable affordable units of 1,567 divided by a revised demand of 6,317. This revised supply of unstabilized units was due to adding 68 additional units to the unstabilized unit count. This additional 68 units is due to counting the four bedroom units in Rosemont at Cedar Crest, Sphinx at Murdeaux and Ewing Villas since they were all projected to serve households at or below 50% AMI and therefore are within the subjects income band.

**Market Rent Comparables:** The Market Analyst surveyed seven comparable apartment projects totaling 1,513 units in the market area.

<b>RENT ANALYSIS (net tenant-paid rents)</b>					
<b>Unit Type (% AMI)</b>	<b>Proposed</b>	<b>Program Max</b>	<b>Differential</b>	<b>Est. Market</b>	<b>Differential</b>
<b>1-Bedroom (50%)</b>	\$561	\$561	\$0	\$760	-\$199
<b>1-Bedroom (60%)</b>	\$686	\$686	\$0	\$760	-\$74
<b>2-Bedroom (50%)</b>	\$670	\$670	\$0	\$990	-\$320
<b>2-Bedroom (60%)</b>	\$820	\$820	\$0	\$990	-\$170
<b>3-Bedroom (50%)</b>	\$773	\$773	\$0	\$1,135	-\$362
<b>3-Bedroom (60%)</b>	\$946	\$946	\$0	\$1,135	-\$189

(NOTE: Differentials are amount of difference between proposed rents and program limits and average market rents, e.g., proposed rent = \$500, program max = \$600, differential = -\$100)

**Primary Market Occupancy Rates:** "Gross occupancy has fluctuated over the last two years from a high of 91.9% in September 2002 and June 2003 to the low of 88.2% in June 2004. This rate is down from 0.8 points from the occupancy of 91.0% recorded in 3<sup>rd</sup> Quarter 2004. Occupancy is forecast to increase to 90.0% through September 2005, due to demand exceeding the new completions in the next year." (p. 53)

**Absorption Projections:** "An absorption rate ranging from 15 to 20 units per month is reasonable for the subject considering the desirability of the units, the demand in the market, and the competition level with older product and new housing." (p. 82)

**Market Study Analysis/Conclusions:** The Underwriter found the information provided by the Market Analyst to provide sufficient market information on which to base a funding recommendation

**OPERATING PROFORMA ANALYSIS**

**Income:** The Applicant's rent projections are lower than the maximum rents allowed under HTC guidelines. There is the potential for additional income (approximately \$22.8K) if the Applicant chooses to increase rents to the maximum allowed, and the market study information suggests that the market could support rents at the rent limit maximums. The Applicant overstated secondary income and did not provided sufficient additional substantiation for their estimate. As a net result of these differences the Applicant's effective gross income estimate is \$4.4K more than the Underwriter's estimate.

**Expenses:** The Applicant's total expense estimate of \$4,007 per unit is within 7% of the Underwriter's



**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

database-derived estimate of \$4,321 per unit for comparably-sized developments. In addition, each of the Applicant's specific expense line items compare well to the Underwriter's estimates.

**Conclusion:** In both the Applicant's and the Underwriter's income and expense estimates there is sufficient net operating income to service the proposed first lien permanent mortgage at a debt coverage ratio that is within the TDHCA underwriting guidelines of 1.10 to 1.30.

**ACQUISITION VALUATION INFORMATION**

**APPRAISED VALUE**

<b>Land Only:</b> (30.212) acres	\$1,320,000	<b>Date of Valuation:</b>	4/	19/	2004
<b>Appraiser:</b> Butler ♦ Burgher, Inc.	<b>City:</b> Dallas	<b>Phone:</b>	(214)	739-0700	

**APPRAISAL ANALYSIS/CONCLUSIONS**

An appraisal, provided by the purchaser, was performed by B. Diane Butler, MAI and dated April 19, 2004. The appraisal provided a "as-is" Market Value of \$1,320,000. The current "as-is" value is most important in the valuation and underwriting of this property because it should and does support the purchase price of the subject. For the "as-is" valuation, the primary approach used was the sales comparison approach. In this case the value and purchase price are different.

**ASSESSED VALUE**

<b>Land:</b> (30.212) acres	\$115,670	<b>Assessment for the Year of:</b>	2004
<b>Tax Rate:</b>	2.88046	<b>Valuation by:</b>	Dallas County Appraisal District

**EVIDENCE of SITE or PROPERTY CONTROL**

<b>Type of Site Control:</b>	Special warranty deed (30.212 acres)		
<b>Acquisition Cost:</b>	\$700,000	<b>Closing Date:</b>	5/ 14/ 2004
<b>Seller:</b>	Anthony Jodie Martella, individually and as Trustee	<b>Related to Development Team Member:</b>	No

**CONSTRUCTION COST ESTIMATE EVALUATION**

**Acquisition Value:** The Applicant significantly overstated the site acquisition cost by using the price of \$1,000,000. In the Market Study it stated that on or about May 14, 2004 the 30.212 acres was purchased by the Applicant for \$700,000. The Applicant provided no other documentation of holding costs or improvements made to the site that would provide justification for a high non-arm's-length sale. The Underwriter used the original purchase price to ensure that a windfall profit or excess developer fee is not provided to the developer as a result of the potential TDHCA funding for the project.

**Sitework Cost:** The Applicant's claimed sitework costs of \$7,500 per unit are at the maximum of the Department's allowable guidelines for multifamily developments without requiring additional justifying documentation.

**Direct Construction Cost:** The Applicant's direct construction cost estimate is \$428.5K or 3% lower than the Underwriter's Marshall & Swift *Residential Cost Handbook*-derived estimate, and is therefore regarded as reasonable as submitted.

**Fees:** The Applicant's contractor's and developer's fees for general requirements, general and administrative expenses, and profit are all within \$1 of the maximums allowed by TDHCA guidelines and have been recalculated to remain within the guidelines.

**Conclusion:** The Applicant's total development cost estimate is within 5% of the Underwriter's verifiable estimate and is therefore generally acceptable. Since the Underwriter has been able to verify the Applicant's projected costs to a reasonable margin, the Applicant's total cost breakdown as adjusted by the Underwriter is used to calculate eligible basis and determine the HTC allocation. As a result, an eligible basis of \$20,894,647 is used to determine a credit allocation of \$967,004 from this method. The resulting syndication



↓

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS**  
**MULTIFAMILY UNDERWRITING ANALYSIS**

proceeds will be used to compare to the Applicant's request and to the gap of need using the Applicant's costs to determine the recommended credit amount.

**FINANCING STRUCTURE**

**INTERIM TO PERMANENT BOND FINANCING**

Source: Charter Mac Contact: Marnie Miller  
Tax-Exempt Amount: \$14,030,000 Interest Rate: 6.5%  
Additional Information: Third amended commitment  
Amortization: 40 yrs Term: 40 yrs Commitment: ☐ LOI ☐ Firm ☒ Conditional  
Annual Payment: \$989,890 Lien Priority: 1st Date: 12/ 16/ 2004

**TAX CREDIT SYNDICATION**

Source: Related Capital Company Contact: Justin Ginsberg  
Net Proceeds: \$8,219,000 Net Syndication Rate (per \$1.00 of 10-yr HTC) 85¢  
Commitment: ☐ LOI ☐ Firm ☒ Conditional Date: 12/ 16/ 2004  
Additional Information: Third amended commitment

**APPLICANT EQUITY**

→ Amount: \$1,417,424 Source: Deferred Developer Fee

**FINANCING STRUCTURE ANALYSIS**

**Interim to Permanent Bond Financing:** The tax-exempt bonds are to be issued by TDHCA and purchased by Charter Mac. The permanent financing commitment is consistent with the revised amounts and terms reflected in the sources and uses of funds listed in the application.

**HTC Syndication:** The tax credit syndication commitment is consistent with the revised amounts and terms reflected in the sources and uses of funds listed in the application.

**Deferred Developer's Fees:** The Applicant's proposed deferred developer's fees of \$1,417,424 amount to 52% of the total fees.

**Financing Conclusions:** Based on the Applicant's estimate of eligible basis, the HTC allocation should not exceed \$967,004 annually for ten years, resulting in syndication proceeds of approximately \$8,218,714. Based on the underwriting analysis, the Applicant's deferred developer fee will be reduced as a result of the unsubstantiated transfer price of the land by \$300,000 to \$1,117,424, which represents approximately 41% of the eligible fee and which should be repayable from cash flow within ten years. Should the Applicant's final direct construction cost exceed the cost estimate used to determine credits in this analysis, additional deferred developer's fee may be available to fund those development cost overruns.

**DEVELOPMENT TEAM**

**IDENTITIES of INTEREST**

The Applicant and Developer firms are all related entities. These are common relationships for HTC-funded developments.

**APPLICANT'S/PRINCIPALS' FINANCIAL HIGHLIGHTS, BACKGROUND, and EXPERIENCE**

**Financial Highlights:**

- The Applicant and General Partner are single-purpose entities created for the purpose of receiving assistance from TDHCA and therefore have no material financial statements.
- The Applicant, Chicory Court Simpson Stuart, submitted an unaudited financial statement as of December 15, 2004 reporting total assets of \$1,379,640. Liabilities totaled \$1,303,960, resulting in a net worth of \$75,680.
- The principal of the General Partner, Saleem A. Jafar, submitted an unaudited financial statement as of

**TEXAS DEPARTMENT of HOUSING and COMMUNITY AFFAIRS  
MULTIFAMILY UNDERWRITING ANALYSIS**

September 1, 2004 and is anticipated to be guarantor of the development.

**Background & Experience:**

- The Applicant and General Partner are new entities formed for the purpose of developing the project.
- Multifamily Production Finance Staff have verified that the Department's experience requirements have been met and Portfolio Management and Compliance staff will ensure that the proposed owners have an acceptable record of previous participation.

**SUMMARY OF SALIENT RISKS AND ISSUES**

- The Applicant's estimated operating expenses and operating proforma are more than 5% outside of the Underwriter's verifiable ranges.
- The seller of the property has an identity of interest with the Applicant. ←
- The significant financing structure changes being proposed have not been reviewed or accepted by the Applicant, lenders, and syndicators, and acceptable alternative structures may exist.

**Underwriter:**

**Date:** December 29, 2004

*Carl Hoover*

**Director of Real Estate Analysis:**

**Date:** December 29, 2004

*Tom Gouris*



**MULTIFAMILY COMPARATIVE ANALYSIS (continued)**

*Homes of Pecan Grove, Dallas, MFB #2004-043 | 4% HTC #04480*

**DIRECT CONSTRUCTION COST ESTIMATE**

Residential Cost Handbook

Average Quality Multiple Residence Basis

CATEGORY	FACTOR	UNITS/SQ FT	PER SF	AMOUNT
Base Cost			\$43.10	\$11,858,017
<b>Adjustments</b>				
Exterior Wall Finish	2.00%		\$0.86	\$237,160
9-Ft. Ceilings	3.00%		1.29	355,741
Roofing			0.00	0
Subfloor			(1.02)	(279,255)
Floor Cover			2.00	550,256
Porches/Balconies	\$17.59	6,179	0.40	108,689
Plumbing	\$605	600	1.32	363,000
Built-In Appliances	\$1,850	250	1.50	412,500
Stairs	\$1,700	36	0.22	61,200
Enclosed Corridors	\$33.18		0.00	0
Heating/Cooling			1.53	420,946
Garages/Built-In	\$15.19	21,200	1.17	322,028
Comm &/or Aux Bldgs	\$62.52	3,341	0.76	208,864
Garages/Detached	\$27.92	16,400	1.66	457,888
<b>SUBTOTAL</b>			<b>54.80</b>	<b>15,077,033</b>
Current Cost Multiplier	1.10		5.48	1,507,703
Local Multiplier	0.90		(5.48)	(1,507,703)
<b>TOTAL DIRECT CONSTRUCTION COSTS</b>			<b>\$54.80</b>	<b>\$15,077,033</b>
Plans, specs, survy, bld perm	3.90%		(\$2.14)	(\$588,004)
Interim Construction Interest	3.38%		(1.85)	(508,850)
Contractor's OH & Profit	11.50%		(6.30)	(1,733,859)
<b>NET DIRECT CONSTRUCTION COSTS</b>			<b>\$44.51</b>	<b>\$12,246,320</b>

**PAYMENT COMPUTATION**

Primary	\$14,030,000	Term	480
Int Rate	6.50%	DCR	1.10

Secondary	\$0	Term	
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$8,218,716	Term	
Int Rate		Aggregate DCR	1.10

**RECOMMENDED FINANCING STRUCTURE:**

Primary Debt Service	\$985,675
Secondary Debt Service	0
Additional Debt Service	0
<b>NET CASH FLOW</b>	<b>\$94,921</b>

Primary	\$14,030,000	Term	480
Int Rate	6.50%	DCR	1.10

Secondary	\$0	Term	0
Int Rate	0.00%	Subtotal DCR	1.10

Additional	\$8,218,716	Term	0
Int Rate	0.00%	Aggregate DCR	1.10

**OPERATING INCOME & EXPENSE PROFORMA: RECOMMENDED FINANCING STRUCTURE**

INCOME at 3.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 38
POTENTIAL GROSS RENT	\$2,290,932	\$2,359,660	\$2,430,450	\$2,503,363	\$2,578,464	\$2,989,147	\$3,465,240	\$4,017,183	\$5,398,731
Secondary Income	45,000	46,350	47,741	49,173	50,648	58,715	68,067	78,908	106,045
Other Support Income: (describe)	0	0	0	0	0	0	0	0	0
POTENTIAL GROSS INCOME	2,335,932	2,406,010	2,478,190	2,552,536	2,629,112	3,047,861	3,533,307	4,096,071	5,504,777
Vacancy & Collection Loss	(175,195)	(180,451)	(185,864)	(191,440)	(197,183)	(226,590)	(254,998)	(307,205)	(412,858)
Employee or Other Non-Rental	0	0	0	0	0	0	0	0	0
EFFECTIVE GROSS INCOME	\$2,160,737	\$2,225,559	\$2,292,326	\$2,361,096	\$2,431,929	\$2,819,272	\$3,268,309	\$3,788,866	\$5,091,919
EXPENSES at 4.00%	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 10	YEAR 15	YEAR 20	YEAR 38
General & Administrative	\$118,068	\$122,791	\$127,702	\$132,810	\$138,123	\$168,048	\$204,456	\$248,752	\$368,213
Management	91,177	93,913	96,730	99,632	102,621	118,966	137,914	159,880	214,866
Payroll & Payroll Tax	248,566	258,509	268,849	279,603	290,787	353,787	430,436	523,691	775,190
Repairs & Maintenance	138,292	143,824	149,577	155,560	161,783	196,833	239,478	291,361	431,286
Utilities	57,552	59,854	62,248	64,738	67,328	81,914	99,661	121,253	179,485
Water, Sewer & Trash	115,224	119,833	124,626	129,611	134,796	164,000	199,531	242,760	359,343
Insurance	68,782	71,533	74,395	77,370	80,465	97,898	119,108	144,913	214,507
Property Tax	180,029	187,230	194,719	202,508	210,608	256,237	311,752	378,293	561,447
Reserve for Replacements	50,000	52,000	54,080	56,243	58,493	71,166	86,584	105,342	155,933
Other	12,450	12,948	13,466	14,005	14,565	17,720	21,559	26,230	38,827
<b>TOTAL EXPENSES</b>	<b>\$1,080,141</b>	<b>\$1,122,434</b>	<b>\$1,166,393</b>	<b>\$1,212,081</b>	<b>\$1,259,568</b>	<b>\$1,526,569</b>	<b>\$1,850,478</b>	<b>\$2,243,476</b>	<b>\$3,299,097</b>
<b>NET OPERATING INCOME</b>	<b>\$1,080,596</b>	<b>\$1,103,125</b>	<b>\$1,125,933</b>	<b>\$1,149,015</b>	<b>\$1,172,361</b>	<b>\$1,292,703</b>	<b>\$1,417,830</b>	<b>\$1,545,389</b>	<b>\$1,792,821</b>
<b>DEBT SERVICE</b>									
First Lien Financing	\$985,675	\$985,675	\$985,675	\$985,675	\$985,675	\$985,675	\$985,675	\$985,675	\$985,675
Second Lien	0	0	0	0	0	0	0	0	0
Other Financing	0	0	0	0	0	0	0	0	0
<b>NET CASH FLOW</b>	<b>\$94,921</b>	<b>\$117,450</b>	<b>\$140,258</b>	<b>\$163,340</b>	<b>\$186,686</b>	<b>\$307,028</b>	<b>\$432,155</b>	<b>\$559,714</b>	<b>\$807,146</b>
<b>DEBT COVERAGE RATIO</b>	<b>1.10</b>	<b>1.12</b>	<b>1.14</b>	<b>1.17</b>	<b>1.19</b>	<b>1.31</b>	<b>1.44</b>	<b>1.57</b>	<b>1.82</b>

**LIHTC Allocation Calculation - Homes of Pecan Grove, Dallas, MFB #2004-043 / 4% HTC #0448**

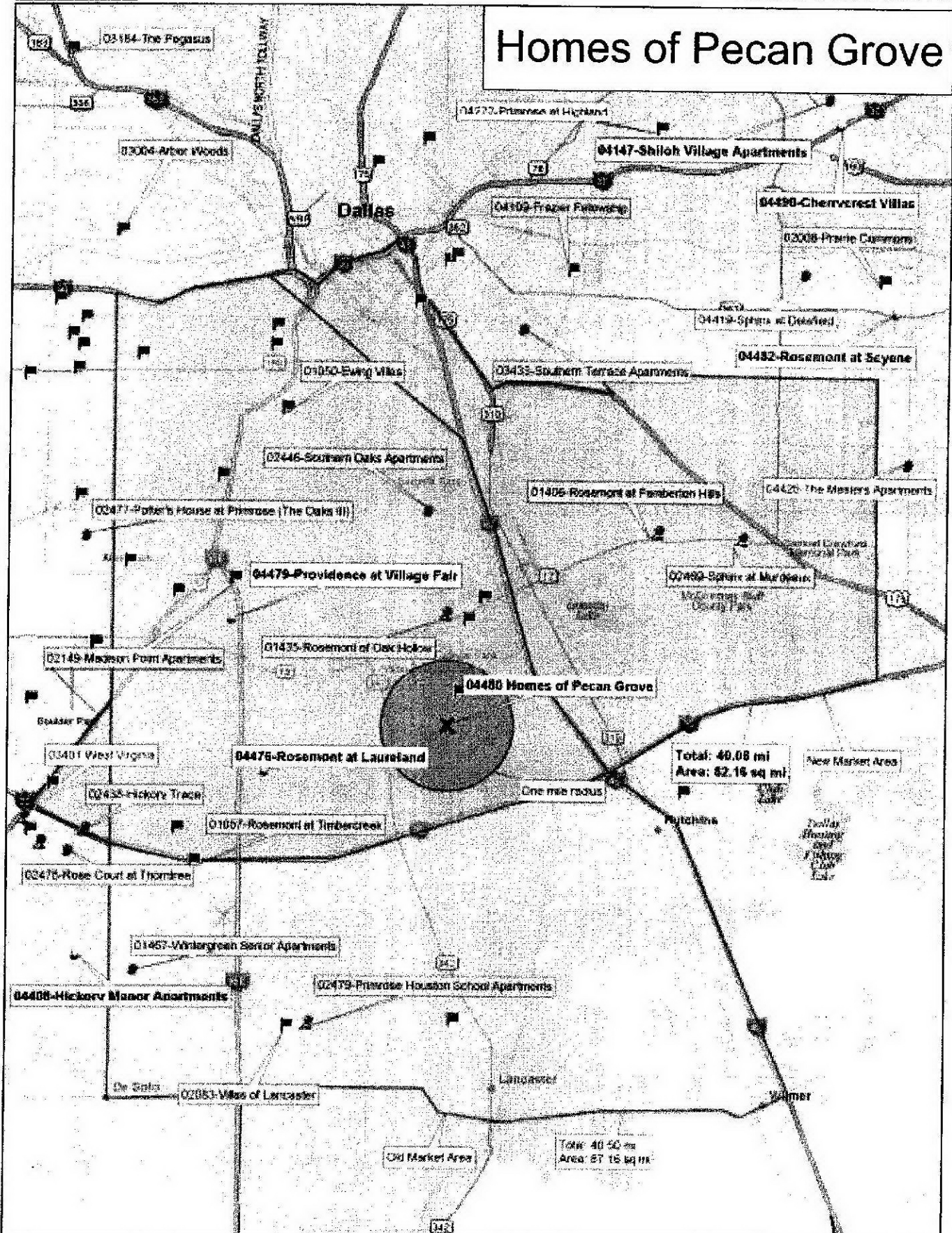
CATEGORY	APPLICANT'S TOTAL AMOUNTS	TDHCA TOTAL AMOUNTS	APPLICANT'S REHAB/NEW ELIGIBLE BASIS	TDHCA REHAB/NEW ELIGIBLE BASIS
<b>(1) Acquisition Cost</b>				
Purchase of land	\$1,000,000	\$700,000		
Purchase of buildings				
<b>(2) Rehabilitation/New Construction Cost</b>				
On-site work	\$1,874,999	\$1,874,999	\$1,874,999	\$1,874,999
Off-site improvements				
<b>(3) Construction Hard Costs</b>				
New structures/rehabilitation hard costs	\$11,817,823	\$12,246,320	\$11,817,823	\$12,246,320
<b>(4) Contractor Fees &amp; General Requirements</b>				
Contractor overhead	\$273,857	\$273,857	\$273,856	\$273,857
Contractor profit	\$821,570	\$821,570	\$821,569	\$821,570
General requirements	\$821,570	\$821,570	\$821,569	\$821,570
<b>(5) Contingencies</b>				
	\$684,641	\$684,641	\$684,641	\$684,641
<b>(6) Eligible Indirect Fees</b>				
	\$889,500	\$889,500	\$889,500	\$889,500
<b>(7) Eligible Financing Fees</b>				
	\$985,300	\$985,300	\$985,300	\$985,300
<b>(8) All Ineligible Costs</b>				
	\$1,371,488	\$1,371,488		
<b>(9) Developer Fees</b>				
			\$2,725,389	
Developer overhead	\$545,078	\$545,078		\$545,078
Developer fee	\$2,180,312	\$2,180,312		\$2,180,312
<b>(10) Development Reserves</b>				
	\$400,000	\$478,047		
<b>TOTAL DEVELOPMENT COSTS</b>	<b>\$23,666,138</b>	<b>\$23,872,682</b>	<b>\$20,894,647</b>	<b>\$21,323,147</b>

<b>Deduct from Basis:</b>			
All grant proceeds used to finance costs in eligible basis			
B.M.R. loans used to finance cost in eligible basis			
Non-qualified non-recourse financing			
Non-qualified portion of higher quality units [42(d)(3)]			
Historic Credits (on residential portion only)			
<b>TOTAL ELIGIBLE BASIS</b>		<b>\$20,894,647</b>	<b>\$21,323,147</b>
High Cost Area Adjustment		130%	130%
<b>TOTAL ADJUSTED BASIS</b>		<b>\$27,163,041</b>	<b>\$27,720,092</b>
Applicable Fraction		100%	100%
<b>TOTAL QUALIFIED BASIS</b>		<b>\$27,163,041</b>	<b>\$27,720,092</b>
Applicable Percentage		3.56%	3.56%
<b>TOTAL AMOUNT OF TAX CREDITS</b>		<b>\$967,004</b>	<b>\$986,835</b>

Syndication Proceeds	0.8499	\$8,218,714	\$8,387,261
Total Credits (Eligible Basis Method)		\$967,004	\$986,835
Syndication Proceeds		\$8,218,714	\$8,387,261
Requested Credits		\$967,005	
Syndication Proceeds		\$8,218,721	
Gap of Syndication Proceeds Needed		\$9,636,138	
Credit Amount		\$1,133,777	



# Homes of Pecan Grove



# RENT CAP EXPLANATION Dallas MSA

## AFFORDABILITY DEFINITION & COMMENTS

An apartment unit is "affordable" if the total housing expense (rent and utilities) that the tenant pays is equal to or less than 30% of the tenant's household income (as determined by HUD).

Rent Caps are established at this 30% "affordability" threshold based on local area median income, adjusted for family size. Therefore, rent caps will vary from property to property depending upon the local area median income where the specific property is located.

If existing rents in the local market area are lower than the rent caps calculated at the 30% threshold for the area, then by definition the market is "affordable". This situation will occur in some larger metropolitan areas with high median incomes. In other words, the rent caps will not provide for lower rents to the tenants because the rents are already affordable. This situation, however, does not ensure that individuals and families will have access to affordable rental units in the area. The set-aside requirements under the Department's bond programs ensure availability of units in these markets to lower income individuals and families.

MAXIMUM INCOME & RENT CALCULATIONS (ADJUSTED FOR HOUSEHOLD SIZE) - 2004												
MSA/County:			Dallas		Area Median Family Income (Annual):					\$65,100		
ANNUALLY				MONTHLY								
Maximum Allowable Household Income to Qualify for Set-Aside units under the Program Rules				Maximum Total Housing Expense Allowed based on Household Income (Includes Rent & Utilities)				Utility Allowance by Unit Type (provided by the local PHA)	Maximum Rent that Owner is Allowed to Charge on the Set-Aside Units (Rent Cap)			
# of Persons	At or Below			Unit Type	At or Below				At or Below			
	50%	60%	80%		50%	60%	80%		50%	60%	80%	
1	\$ 23,300	\$ 27,960	\$ 37,250	Efficiency	\$ 582	\$ 699	\$ 931	52.00	\$ 582	\$ 699	\$ 931	
2	26,600	31,920	42,550	1-Bedroom	623	748	997		571	696	945	
3	29,950	35,940	47,900	2-Bedroom	749	898	1,197	75.00	673	823	1,122	
4	33,250	39,900	53,200	3-Bedroom	864	1,037	1,383	93.00	771	944	1,290	
5	35,900	43,080	57,450	4-Bedroom	963	1,156	1,542		963	1,156	1,542	
6	38,550	46,260	61,700	5-Bedroom	1,064	1,277	1,701		1,064	1,277	1,701	
7	41,250	49,500	65,950									
8	43,900	52,680	70,200									
FIGURE 1				FIGURE 2				FIGURE 3	FIGURE 4			

Figure 1 outlines the maximum annual household incomes in the area, adjusted by the number of people in the family, to qualify for a unit under the set-aside grouping indicated above each column.

For example, a family of three earning \$33,000 per year would fall in the 60% set-aside group. A family of three earning \$28,000 would fall in the 50% set-aside group.

Figure 2 shows the maximum total housing expense that a family can pay under the affordable definition (i.e. under 30% of their household income).

For example, a family of three in the 50% income bracket earning \$29,950 could not pay more than \$748 for rent and utilities under the affordable definition.

- 1) \$29,950 divided by 12 = \$2,496 monthly income; then,
- 2) \$2,496 monthly income times 30% = \$748 maximum total housing expense.

Figure 4 displays the resulting maximum rent that can be charged for each unit type, under the three set-aside brackets. This becomes the rent cap for the unit.

The rent cap is calculated by subtracting the utility allowance in Figure 3 from the maximum total housing expense for each unit type found in Figure 2.

Figure 3 shows the utility allowance by unit size, as determined by the local public housing authority. The example assumes all electric units.

## Homes of Pecan Grove

### RESULTS & ANALYSIS: for 50% AMFI units

Tenants in the 50% AMFI bracket will save \$189 to \$331 per month (leaving 8.5% to 11.9% more of their monthly income for food, child care and other living expenses).

This is a monthly savings off the market rents of 24.9% to 30.5%.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	780	1,112	1,268
Rents if Offered at Market Rates	\$760	\$969	\$1,102
Rent per Square Foot	\$0.97	\$0.87	\$0.87

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 50% AMFI Set-Aside	\$571	\$673	\$771
<b>Monthly Savings for Tenant</b>	<b>\$189</b>	<b>\$296</b>	<b>\$331</b>
Rent per square foot	\$0.73	\$0.61	\$0.61
Maximum Monthly Income - 50% AMFI	\$2,217	\$2,496	\$2,881
<b>Monthly Savings as % of Monthly Income</b>	<b>8.5%</b>	<b>11.9%</b>	<b>11.5%</b>
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>24.9%</b>	<b>30.5%</b>	<b>30.0%</b>

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 75206. Report dated November 10, 2004.

## Homes of Pecan Grove

### RESULTS & ANALYSIS: for 60% AMFI units

Tenants in the 60% AMFI bracket will save **\$64 to \$158** per month (leaving 2.4% to 4.9% more of their monthly income for food, child care and other living expenses).

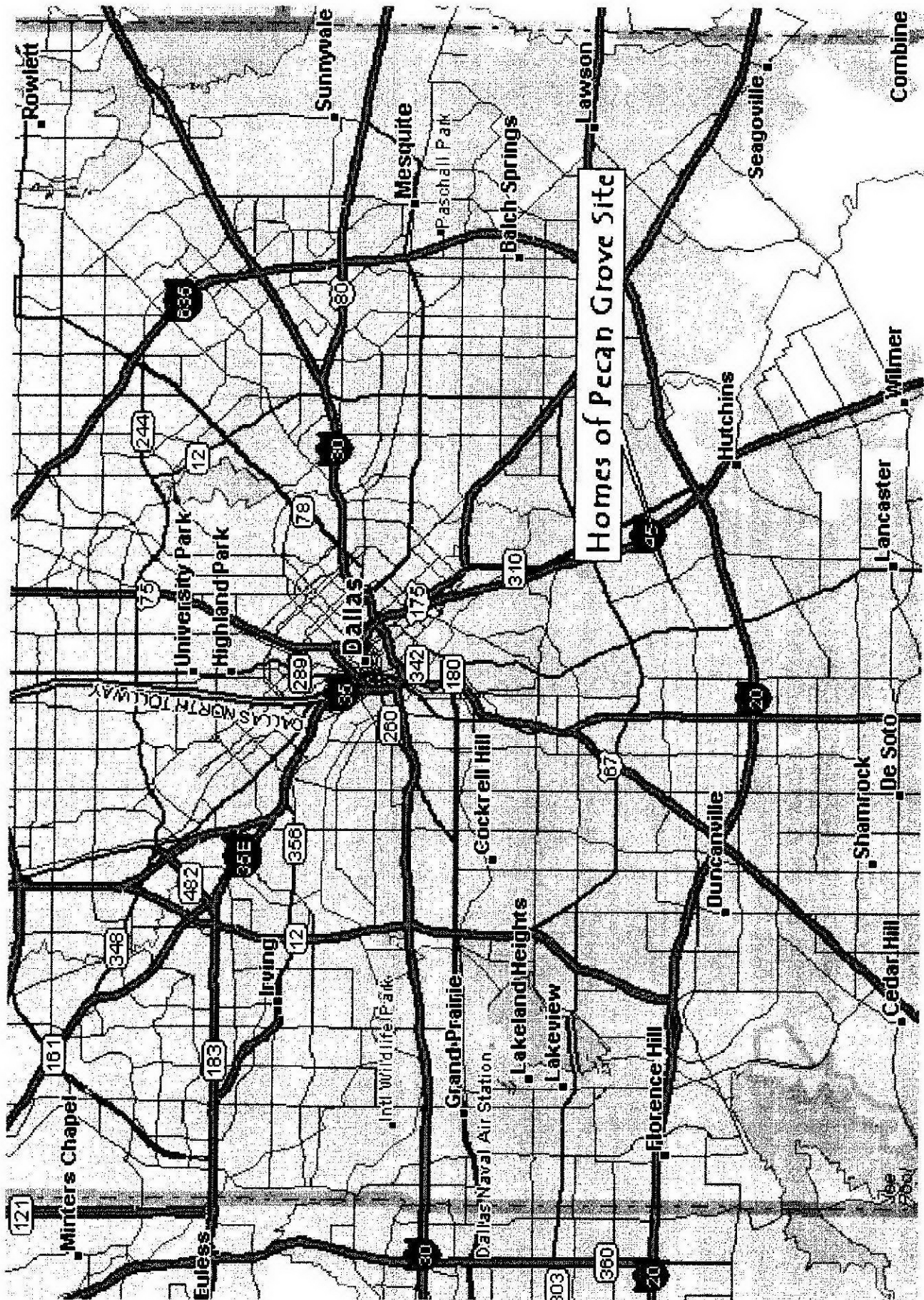
This is a monthly savings off the market rents of **8.4% to 15.1%**.

PROJECT INFORMATION			
	Unit Mix		
Unit Description	1-Bedroom	2-Bedroom	3-Bedroom
Square Footage	780	1,112	1,268
Rents if Offered at Market Rates	\$760	\$969	\$1,102
Rent per Square Foot	\$0.97	\$0.87	\$0.87

SAVINGS ANALYSIS FOR 60% AMFI GROUPING			
Rent Cap for 60% AMFI Set-Aside	\$696	\$823	\$944
<b>Monthly Savings for Tenant</b>	<b>\$64</b>	<b>\$146</b>	<b>\$158</b>
Rent per square foot	\$0.89	\$0.74	\$0.74
Maximum Monthly Income - 60% AMFI	\$2,660	\$2,995	\$3,458
<b>Monthly Savings as % of Monthly Income</b>	<b>2.4%</b>	<b>4.9%</b>	<b>4.6%</b>
<b>% DISCOUNT OFF MONTHLY RENT</b>	<b>8.4%</b>	<b>15.1%</b>	<b>14.3%</b>

Information provided by: Butler Burgher, Inc. 8150 N. Central Expressway, Suite 801, Dallas, Texas 75206. Report dated November 10, 2004.









# Applicant Evaluation

Project ID # **04480**

Name: **Homes of Pecan Grove**

City: **Dallas**

LIHTC 9% ☐ LIHTC 4% ☒ HOME ☐ BOND ☐ HTF ☐ SECO ☐ ESGP ☐ Other ☐

☐ No Previous Participation in Texas

☐ Members of the development team have been disbarred by HUD

☐ Members of the application did not receive the required Previous Participation Acknowledgement

National Previous Participation Certification Received: ☒ N/A ☐ Yes ☐ No

Noncompliance Reported on National Previous Participation Certification: ☐ Yes ☐ No

## Portfolio Management and Compliance

Total # of Projects monitored: **0**  
 Projects zero to nine: **0**  
 grouped ten to nineteen: **0**  
 by score twenty to twenty-nine: **0**

Projects in Material Noncompliance  
 Yes ☐ No ☒  
 # monitored with a score less than thirty: **0**  
 # not yet monitored or pending review: **3**

# in noncompliance: **0**  
 Projects not reported Yes ☐  
 in application No ☒  
 # of projects not reported **0**

### Portfolio Monitoring

Not applicable ☒  
 Review pending ☐  
 No unresolved issues ☐  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

### Single Audit

Not applicable ☒  
 Review pending ☐  
 No unresolved issues ☐  
 Issues found regarding late cert ☐  
 Issues found regarding late audit ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

### Contract Administration

Not applicable ☐  
 Review pending ☐  
 No unresolved issues ☐  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

Reviewed by **Patricia Murphy**

Date **12/29/2004**

### Multifamily Finance Production

Not applicable ☐  
 Review pending ☐  
 No unresolved issues ☒  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

Reviewer **R Meyer**

Date **12/28/2004**

### Single Family Finance Production

Not applicable ☐  
 Review pending ☐  
 No unresolved issues ☐  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

Reviewer

Date

### Real Estate Analysis (Cost Certification and Workout)

Not applicable ☐  
 Review pending ☐  
 No unresolved issues ☐  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

Reviewer

Date

### Community Affairs

No relationship ☒  
 Review pending ☐  
 No unresolved issues ☐  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

Reviewer **EEF**

Date **12/28/2004**

### Office of Colonia Initiatives

Not applicable ☐  
 Review pending ☐  
 No unresolved issues ☐  
 Unresolved issues found ☐  
 Unresolved issues found that  
 warrant disqualification ☐  
 (Comments attached)

Reviewer

Date

### Financial Administration

No delinquencies found ☒  
 Delinquencies found ☐

Reviewer **Stephanie A. D'Couto**

Date **12/28/2004**

Executive Director: **Edwina Carrington**

Executed: **day, December 29, 2004**

# TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

## Multifamily Finance Production Division

### Public Comment Summary

#### Homes of Pecan Grove

##### Public Hearing

<i>Total Number Attended</i>	11
<i>Total Number Opposed</i>	0
<i>Total Number Supported</i>	11
<i>Total Number Neutral</i>	0
<i>Total Number that Spoke</i>	5

##### Public Officials Letters Received

<i>Opposition</i>	0
<i>Support</i>	0

##### General Public Letters and Emails Received

<i>Opposition</i>	0
<i>Support</i>	1
<i>Pleasant Wood/Pleasant Grove Neighborhood Group</i>	

##### Summary of Public Comment

1 Will contribute to the revitalization of the area.